

SUPPORTING STATEMENT
Internal Revenue Service
Form 8946, Preparer Tax Identification Number (PTIN)
Supplemental Application for foreign persons without a Social Security Number
OMB #1545-2189

1. CIRCUMSTANCES NECESSITATING COLLECTION OF INFORMATION

According to Internal Revenue Code Section 6109, in order to obtain a Preparer Tax Identification Number (PTIN), a person must establish their identity. Most individuals applying for a PTIN have a social security number and will provide that number as part of the application process. However, foreign persons that cannot get a social security number will not have a social security number to provide. Form 8946 was created to enable those foreign persons to provide the necessary information and documentation that will be provided to establish their identity in lieu of providing a social security number.

2. USE OF DATA

The information gathered by Form 8946 is used by the IRS to establish the identity of nonresident aliens who do not have a social security number. This allows the IRS to verify compliance of preparers with Internal Revenue Code Section 6109.

3. USE OF IMPROVED INFORMATION TECHNOLOGY TO REDUCE BURDEN

A foreign preparer who does not have and is not eligible to obtain a social security number will need to complete both Forms W-12 and 8946. The submission of these two forms can be completed through your online PTIN account via IRS.gov or by submitting a paper Form W-12 and Form 8946 by mail.

4. EFFORTS TO IDENTIFY DUPLICATION

A PTIN is a unique number. Under guidance from regulation 134235-08, applicants are required to provide originals or certified copies of original documents with their application to establish their identity. The agency cannot use any information that already exists in an electronic format. All efforts have been made to identify and eliminate duplication. The information obtained through this collection is unique and is not already available for use or adaptation from another source.

5. METHODS TO MINIMIZE BURDEN ON SMALL BUSINESSES OR OTHER SMALL ENTITIES

The collection of information requirement will not have a significant economic impact due to the inapplicability of the authorizing statute under section 6109 to this type of entity.

6. CONSEQUENCES OF LESS FREQUENT COLLECTION ON FEDERAL PROGRAMS OR POLICY ACTIVITIES

A less frequent collection of taxes and tax information could adversely affect the tax preparer effectiveness to receive a PTIN. If the tax preparer does not have a social security number, filing this form allows the filer to meet the requirements to be a paid preparer and allows the preparer to prepare returns for compensation.

7. SPECIAL CIRCUMSTANCES REQUIRING DATA COLLECTION TO BE INCONSISTENT WITH GUIDELINES IN 5 CFR 1320.5(d)(2)

There are no special circumstances requiring data collection to be inconsistent with Guidelines in 5 CFR 1320.5(d)(2).

8. CONSULTATION WITH INDIVIDUALS OUTSIDE OF THE AGENCY ON AVAILABILITY OF DATA, FREQUENCY OF COLLECTION, CLARITY OF INSTRUCTIONS AND FORMS, AND DATA ELEMENTS

In response to the *Federal Register* notice (85 FR 55580), dated September 8, 2020, we received no comments during the comment period regarding Form 8946.

9. EXPLANATION OF DECISION TO PROVIDE ANY PAYMENT OR GIFT TO RESPONDENTS

No payment or gift has been provided to any respondents.

10. ASSURANCE OF CONFIDENTIALITY OF RESPONSES

Generally, tax returns and tax return information are confidential as required by 26 USC 6103.

11. JUSTIFICATION OF SENSITIVE QUESTIONS

A privacy impact assessment (PIA) has been conducted for information collected under this request as part of the “Business Master File (BMF)” system and a Privacy Act System of Records notice (SORN) has been issued for this system under IRS 24.046-Business Master File and IRS 34.037-Audit Trail and Security Records System. The Internal Revenue Service PIAs can be found at <https://www.IRS.gov/uac/Privacy-Impact-Assessments-PIA>.

Title 26 USC 6109 requires inclusion of identifying numbers in returns, statements, or other documents for securing proper identification of persons required to make such returns, statements, or documents and is the authority for social security numbers (SSNs) in IRS systems.

12. ESTIMATED BURDEN OF INFORMATION COLLECTION

Form 8946 was created to enable those foreign persons to provide the necessary information and documentation that will be provided to establish their identity in lieu of providing a social security number.

The burden estimate is as follows:

Authority	Description	# of Respondents	# Responses per Respondent	Annual Responses	Hours per Response	Total Burden
IRC § 6109	Form 8946	4466	1	4466	5.27	23,536
Totals		4466				23,536

The following regulations impose no additional burden. Please continue to assign OMB number 1545-2189 to these regulations.

1.6109-2(e), 1.6109-2(d)

13. ESTIMATED TOTAL ANNUAL COST BURDEN TO RESPONDENTS

To ensure more accuracy and consistency across its information collections, IRS is currently in the process of revising the methodology it uses to estimate burden and costs. Once this methodology is complete, IRS will update this information collection to reflect a more precise estimate of burden and costs.

14. ESTIMATED ANNUALIZED COST TO THE FEDERAL GOVERNMENT

The primary cost to the government consists of the cost of printing Form 8946. We estimate the cost of printing the form to be \$12,758.

The Federal government cost estimate is based on a model that considers the following three cost factors for each information product: aggregate labor costs for development, including annualized start-up expenses, operating and maintenance expenses, and distribution of the product that collects the information.

The government computes cost using a multi-step process. First, the government creates a weighted factor for the level of effort to create each information collection product based on variables such as; complexity, number of pages, type of product and frequency of revision. Second, the total costs associated with developing the product such as labor cost, and operating expenses associated with the downstream impact such as support functions, are added together

to obtain the aggregated total cost. Then, the aggregated total cost and factor are multiplied together to obtain the aggregated cost per product. Lastly, the aggregated cost per product is added to the cost of shipping and printing each product to IRS offices, National Distribution Center, libraries and other outlets. The result is the Government cost estimate per product.

The government cost estimate for this collection is summarized in the table below.

Product	Aggregate Cost per Product (factor applied)	Printing and Distribution	Government Cost Estimate per Product
Form & Instructions 8946	\$12,758	\$0	\$12,758
Grand Total			\$12,758
Table costs are based on 2019 actuals obtained from IRS Chief Financial Office and Media and Publications			
* New product costs will be included in the next collection update.			

15. REASONS FOR CHANGE IN BURDEN

Changes to the burden estimates of Form 8946 previously approved by OMB are due to the increase in filers based on the most recent filing data, from 3,902 responses to 4,466 and an increase in burden hours from 20,564 to 23,536. Data was provided by the office of Statistic of Income (SOI), Research, Applied Analytics & Statistics. Also, we are making this submission to renew the OMB approval.

	Requested	Program Change Due to New Statute	Program Change Due to Agency Discretion	Change Due to Adjustment in Agency Estimate	Change Due to Potential Violation of the PRA	Previously Approved
Annual Number of Responses	4,466	0	0	564	0	3,902
Annual Time Burden (Hr)	23,536	0	0	2,972	0	20,564

16. PLANS FOR TABULATION, STATISTICAL ANALYSIS AND PUBLICATION

There are no plans for tabulation, statistical analysis, and publication.

17. REASONS WHY DISPLAYING THE OMB EXPIRATION DATE IS INAPPROPRIATE

We believe that displaying the OMB expiration date is inappropriate because it could cause confusion by leading taxpayers to believe that the form sunsets as of the expiration date. Taxpayers are not likely to be aware that the Service intends to request renewal of OMB approval and obtain a new expiration date before the old one expires.

18. EXCEPTIONS TO THE CERTIFICATION STATEMENT ON OMB PRA SUBMISSION FORM

There are no exceptions to the certification statement.

Note: The following paragraph applies to all of the collections of information in this submission:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.